

2001 OFFICIAL MONTHLY AVERAGE RELEASE TIMES FOR DAIRY MARKET NEWS

<u>MONTH</u>	<u>RELEASE DAY AND TIME*</u>
JANUARY	FRI, FEB 2 @ 9:00AM
FEBRUARY	FRI, MAR 2 @ 9:00AM
MARCH	MON, APR 2 @ 9:00AM
APRIL	FRI, MAY 4 @ 9:00AM
MAY	FRI, JUN 1 @ 9:00AM
JUNE	MON, JUL 2 @ 9:00AM
JULY	FRI, AUG 3 @ 9:00AM
AUGUST	TUE, SEP 4 @ 9:00AM
SEPTEMBER	MON, OCT 1, @ 9:00AM
OCTOBER	FRI, NOV 2 @ 9:00AM
NOVEMBER	MON, DEC 3 @ 9:00AM
DECEMBER	FRI, JAN 4, 2002 @ 9:00AM

\*Central time. Release times may vary, depending on CME cash trading dates.

Release dates for Federal milk order pricing system on reverse side.

Listed below are the release dates for price data applicable to January through December 2001, for the Federal milk order pricing system. The advance pricing factors will be released on the Friday before the 23<sup>rd</sup> of the month unless this date is a Friday. Likewise, the price information to be released by the 5<sup>h</sup> of the month will be released on the Friday before this date unless this date is a Friday. The release time for all release dates, except November 23, is **10:00 a.m.** EST/EDST. For 11/23, the release time is 3:00 p.m. EST.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices <u>1/</u>	Release Date	Time Period of NASS Prices <u>1/</u>
January	December 22	12/9, 16	February 2	1/6, 13, 20, 27
February	January 19	1/6, 13	March 2	2/3, 10, 17, 24
March	February 23	2/10, 17	March 30	3/3, 10, 17, 24
April	March 23	3/10, 17	May 4	3/31, 4/7, 14, 21, 28
May	April 20	4/7, 14	June 1	5/5, 12, 19, 26
June	May 18	5/5, 12	June 29	6/2, 9, 16, 23
July	June 22	6/9, 16	August 3	6/30, 7/7, 14, 21, 28
August	July 20	7/7, 14	August 31	8/4, 11, 18, 25
September	August 17	8/4, 11	October 5	9/1, 8, 15, 22, 29
October	September 21	9/8, 15	November 2	10/6, 13, 20, 27
November	October 19	10/6, 13	November 30	11/3, 10, 17, 24
December	November 23	11/10, 17	January 4	12/1, 8, 15, 22, 29

1/ Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/08):**

**BUTTER:** Grade AA closed at \$1.5000. The weekly average for Grade AA is \$1.7175 (-.1150).

**CHEESE:** Barrels closed at \$1.0950 and blocks at \$1.1000. The weekly average for barrels is \$1.0910 (+.0200) and blocks, \$1.1025 (+.0040).

**NONFAT DRY MILK:** Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

**BUTTER:** The market is unsettled with a weak undertone. For the most part, orders for upcoming year-end needs have been placed with shipments continuing into next week. Producers and handlers continue to report excellent butter demand. Stocks of butter are in close balance. Fresh butter demand continues to outpace production, thus inventoried stocks are being used. Many producers project that their stock levels will be the lowest they have been for quite a few years by the time the new year begins. Current churning activity is lighter than desired at most plants. Cream demand is strong because of all of the end of the year calls for higher fat items. Fewer butter features are being noted for the end of the year holidays because of the recent price run-up.

**CHEESE:** The cheese market is steady to weak. During this week's trading at the CME, prices were steady to lower until Friday when both 40# blocks and barrels moved up slightly. Supplies of barrels are quite well balanced while blocks appear to be long. Contacts have been reporting that block production still outpaces current demand in some areas. Demand is fair to good on barrels and slow to fair for blocks. Food service orders for process and other cheese are improved as the holiday shopping season progresses. Clearances of 40# blocks and barrels to CCC continue from both the West and Midwest.

**FLUID MILK:** Milk production patterns in Wisconsin and the Midwest are reported to be generally steady with recent weeks. Demand for milk is good for all usages in the region and processors are having to pay premiums over Class prices to secure extra loads. Some buyers are unable to find enough milk to fill needs. In the Northeast, milk output is mostly steady in spite of colder weather conditions. Fluid milk supplies are tight in the region. Cold temperatures and snowy conditions in the Midsouth are giving boosts to fluid milk sales. Florida and other Southeastern states imported no outside milk this week, unchanged from last week. In the Southwest, milk production is steady to slightly higher. Output is mixed in California with some areas seeing slight declines. Some processing plants are having to shut down for several hours per day because the state is being affected by power shortages. Other processors are able and willing to accept additional milk. Milk supplies in Arizona are responding to more favorable weather conditions. New Mexico production is mostly steady. Milk

supplies are higher in the Northwest, but supplies are lighter in Utah and Idaho. Cream markets are firm as supplies are tight across most of the country.

**DRY PRODUCTS:** Nonfat dry milk prices are holding mostly steady. Supplies are tighter in the Midwest and East, but heavy offerings to the support program continue to be used to clear surpluses in the West. Prices for dry buttermilk are slightly higher and nominal. Spot demand is light and met with limited offerings. Dry whey prices are firmer with improved demand from domestic and international sources. Shortages of dry whey are being reported and buyers are having to go to other suppliers and regions in attempts to fill needs. Lower cheese production and increases in usage of other whey products is limiting dry whey output. Whey protein concentrate prices are steady in a firmer market. Export interest remains good. Production levels and product availability are varied between plants and region. Lactose markets are steady with supplies in balance. Some producers have extra, while others are in good shape. Contracts are being negotiated for first quarter 2001 at unchanged to higher prices.

**CCC:** During the week of December 4 - 8, CCC net purchases totaled 9,109,810 pounds of nonfortified and 1,791,719 pounds of fortified NDM from the West. CCC also purchased 1,032,173 pounds of blocks from the West and Midwest and 887,988 pounds of barrel cheese, from the West.

**NOVEMBER AGRICULTURAL PRICES (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2000 was unchanged at 121. Compared with November 1999, the index was up 5 points (4.3%). The index of prices received by farmers for dairy products declined 3 points during the month of November 2000 to 93. Compared with November 1999, the index was down 17 points (15.5%). Prices received by farmers in November with changes from October were: for all milk, \$12.20 per hundredweight, down \$.30; fluid grade milk, \$12.20, down \$.40; and for manufacturing grade milk, \$10.10, down \$.70.

**OCTOBER DAIRY PRODUCTS (NASS):** U.S. butter production was 105.0 million pounds in October, 1.8% above October 1999 and 14.6% above September 2000. American type cheese production totaled 297.3 million pounds, 0.7% above October 1999 and 3.4% above September 2000. Total cheese output (excluding cottage cheese) was 684.3 million pounds, 1.8% above October 1999 and 4.4% above September 2000. Nonfat dry milk production, for human food, totaled 104.1 million pounds, 1.1% below October 1999 but 8.1% above September 2000. Dry whey production, for human food, was 86.6 million pounds, 1.2% below October 1999 but 7.0% above September 2000.

**\*\*\*\*SPECIALS THIS ISSUE\*\*\*\***

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY DECEMBER 4	TUESDAY DECEMBER 5	WEDNESDAY DECEMBER 6	THURSDAY DECEMBER 7	FRIDAY DECEMBER 8	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0950 (+.0050)	(+.0050)	\$1.0910 (+.0200)
40# BLOCKS	\$1.1150 (-.0025)	\$1.1050 (-.0100)	\$1.1025 (-.0025)	\$1.0900 (-.0125)	\$1.1000 (+.0100)	(-.0175)	\$1.1025 (+.0040)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$1.8525 (N.C.)	----	\$1.8000 (-.0525)	----	\$1.5000 (-.3000)	(-.3525)	\$1.7175 (-.1150)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

## CHICAGO MERCANTILE EXCHANGE

MONDAY, DECEMBER 4, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1150, 1 @ \$1.1200  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.8750

TUESDAY, DECEMBER 5, 2000

CHEESE -- SALES: 7 CARS 40# BLOCKS: 1 @ \$1.1125, 1 @ \$1.1150, 1 @ \$1.1125, 1 @ \$1.1150, 1 @ \$1.1075, 1 @ \$1.1100, 1 @ \$1.1150; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1050, 1 @ \$1.1150  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 6, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1025, 1 @ \$1.1125, 1 @ \$1.1150  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.7000, 1 @ \$1.6925, 1 @ \$1.6900, 1 @ \$1.8000; BIDS UNFILLED: 25 CARS GRADE AA: 1 @ \$1.7400, 1 @ \$1.7125, 1 @ \$1.6500, 20 @ \$1.2900, 1 @ \$1.2500, 1 @ \$1.2000; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.8500, 1 @ \$1.8525

THURSDAY, DECEMBER 7, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0900  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 8, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.1000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0950; 3 CARS 40# BLOCKS: 1 @ \$1.0975, 1 @ \$1.0950, 1 @ \$1.0925; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.6500, 3 @ \$1.5000; BIDS UNFILLED: 10 CARS GRADE AA @ \$1.2500; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$1.7100, 1 @ \$1.7600, 1 @ \$1.7700, 1 @ \$1.7875, 1 @ \$1.7975

## BUTTER MARKETS

## OCTOBER BUTTER PRODUCTION

During October 2000, butter production in the United States totaled 105.0 million pounds, 1.8% more than October 1999 and 14.6% more than September 2000. Following are percentage changes from October 1999 for various states: CA +2.9%, MN -16.0, NY -33.8%, PA +8.6%, WA +5.5%, and WI +1.5%.

## NORTHEAST

The market tone remains firm. The bulk butter price at the CME increased to \$1.8525 last week and held through the December 4 trading. Churning activity remains slow in the East and both surplus milk and cream supplies are tighter than expected. Some producers continue to purchase West Coast butter to supplement their own stocks. Printers are fairly active filling orders for the year end holidays. Demand for bulk butter is fair to good and print sales are a bit slower unless featured. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average. Butter production during October in the North Atlantic region increased 2.2% from last October, but fell 1.1% from September 2000. Pennsylvania's October butter output, when compared to October 1999, grew 8.6% while New York's fell 33.8%.

## CENTRAL

Prices are starting to weaken at the CME at mid-week with producers and handlers indicating that this trend will probably continue. The significant portion of

upcoming holiday orders have been placed and shipped. Although demand for fresh butter is lighter, last minute orders are active, thus producers feel that future production will be sufficient to meet those needs. Orders for the balance of this week remain fairly active, although orders for next week are lighter. Producers and handlers state that if the orders have not been placed by now for upcoming holiday needs, they probably will not develop. Retail feature activity during the next few weeks will be lighter than previously scheduled. Often, due to the recent increase in price, many butter features have been pulled. Stocks of butter will be in close balance for the rest of the year. When available, bulk butter is selling in the range of 2 - 4 cents a pound above various pricing bases.

## WEST

Print butter demand is excellent as buyers refill stocks depleted by the Thanksgiving holiday. Fewer features are noted for the end of the year holidays because of the major recent price run-up. Buyers are being careful on how much they order because they assume that prices will adjust sharply lower in the near future. Cream demand is strong because of all of the end of the year calls for higher fat items. Cumulative butter production through October has reached 1.08 billion pounds, 2.9% ahead of one year earlier. CME weekly butter stocks have declined for 17 consecutive weeks and now stand at 10.7 million pounds. This level is below both 1998 and 1999. Stocks at their peak were 104 million pounds last summer. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE	BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
	40# BLOCKS				
DECEMBER 2	1.0516 6,440,058	1.0378 6,963,088	1.0147 17,135,062	1.7542 3,708,846	0.1977 6,968,513

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>  
 Week ending November 18th data was not available for last week's published report. The initial and revised data can be found at the above internet address.

## CHEESE MARKETS

## NORTHEAST

Prices are mostly higher and the market tone is unsettled. Cheese output is moderate in the Northeast as milk volumes are not up to typical levels for this time of year. Cheese stocks are fully adequate to cover current needs. Gift pack items are moving nicely, but producers' orders are slowing as most items have been shipped to the distributors. Aged cheddar sales are seasonally good. Demand for mozzarella is holding up quite well. Food service orders are good, particularly for process. Retail movement is fair to good. Total cheese production in the North Atlantic region during October was 106.6 million pounds, 2.2% higher than October 1999 and 8.1% above September 2000.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1400-1.6075
Cheddar Single Daisies	:	1.0975-1.5575
Cheddar 40# Block	:	1.2375-1.4175
Process 5# Loaf	:	1.2800-1.4550
Process 5# Sliced	:	1.3000-1.5575
Muenster	:	1.3000-1.5075
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

Prices, following the trend at the CME, moved higher for process and natural items, unchanged on Swiss. The market tone is mixed. Contacts report that blocks are not clearing as fast as they are being made while barrels are moving well. On Monday of this week, CCC purchased Midwest blocks, a good indication of the supply/demand balance for 40# blocks. Demand for cheese is seasonally fair to good. Chain stores have most of their needs covered and their orders are off accordingly. Aged cheddar is moving well as is typical for the holidays. Food service orders are holding up very well, particularly process. Mozzarella demand is holding up nicely. Cheese production levels in the Midwest are mixed. Surplus milk volumes are tight despite the very low (\$8.57) November Class III prices. Some suppliers are asking, and getting premiums for any extra milk that may be available. This has some cheese makers selling milk rather than making cheese. Conversely, with milk prices so low, it may be a good time to turn milk into inexpensive cheese. Of course, one then runs smack into the supply/demand situation the market currently operates under.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2725-1.5000
Brick And/Or Muenster 5#	:	1.4700-1.6925
Cheddar 40# Block	:	1.4700-2.1150
Monterey Jack 10#	:	1.6700-2.1150
Blue 5#	:	1.8375-2.0900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5000-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0950-2.6850

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER		CHEESE	
	:		:
12/04/00	5,532	:	129,776
12/01/00	5,987	:	129,823
CHANGE	-455	:	-47
% CHANGE	-8	:	-0

Based on the historical relationship of the preliminary U.S. Cold Storage report of October, 31, 2000 and the selected centers storage report, the expected U.S. holdings as of December 1, 2000 are:

Butter	24	million pounds plus or minus 4.98 percent
Cheese	503	million pounds plus or minus 2.52 percent

## WEST

Natural and process items are firmer in price while Swiss is holding steady. Sales activity is generally above expectations. Many buyers are having to come back into the market to order additional loads to meet current demand. Some buyers are also taking a position on cheese for processing and putting some added loads into storage. Demand for aged cheese is good, but offerings are heavy. Swiss inventories are moderate to tight and sales are fair. Mozzarella sales remain very strong and stocks are not fully available to cover all the orders in a timely fashion. U.S. Swiss output in October totals 18.3 million pounds, basically unchanged from last year. Total cheese output in October is 684.3 million pounds, up 1.8% from last year. This is the smallest year-on-year increase in more than two years. Cumulative output for the first ten months of the year totals 6.89 billion pounds, up 5.3% from the same period in 1999 and up 11.4% from 1998. American cheese production in October compared to last year for selected Western states is as follows: California up 25.9%, Idaho down 5.6%, Oregon down 0.5%, Utah down 6.1%, and Washington up 27.7%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2225-1.4825
Cheddar 40# Block	:	1.2250-1.3650
Cheddar 10# Cuts	:	1.4050-1.6250
Monterey Jack 10#	:	1.4150-1.5750
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

## FOREIGN

Prices are unchanged to higher on domestic styles, unchanged on imported. The market tone is seasonally good. Demand for foreign type cheeses usually picks up during the year end holidays. Distributors are fairly active filling orders. Stocks are adequate on most types of cheese. Domestic styles are moving well now that the 40# block price at the CME is quite a bit lower than it was during late summer and early fall. (The 40# block price is often used as the basing point for U.S.-made cheeses.)

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.1400 : 1.4425-2.9375*
Gorgonzola	:	3.2400-5.9400 : 1.9925-2.4900*
Parmesan (Italy)	:	TFEWR : 2.8575-2.8825*
Romano (Italy)	:	2.1000-2.5400 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.4500-1.7275*
Romano (Cows Milk)	:	-0- : 2.6325-4.8075*
Sardo Romano (Argentina)	:	2.6500-3.2900 : -0-
Reggianito (Argentina)	:	2.6500-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7400-3.3100 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	2.2500-2.7500 : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-3.0900 : -0-
Gouda, Large	:	2.3900-3.1500 : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

\* = Price change.

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	DECEMBER 4 - 8, 2000
BARRELS*	:	\$1.0700 - 1.0900 (nominal)
	:	(\$ .0200) (.0200)
40# BLOCKS	:	\$1.0850 - 1.1475 (nominal)
	:	(\$ .0150) (.0150)

( ) Change from previous week. \* If steel, barrel returned.

## FLUID MILK AND CREAM

## E A S T

The following are the November 2000 Class and component prices under the Federal Milk Order pricing system: Class II \$13.68 (up \$1.14 from October), Class III \$8.57 (down \$1.45); and Class IV \$13.00 (up \$1.19). Product price averages used in computing Class prices are: butter \$1.4051, NDM \$1.0159, cheese \$1.0245, and dry whey \$.1917. The Class II butterfat price is \$1.5815 and the Class III/IV butterfat price is \$1.5745. For informational purposes, the November 1999 BFP (Class III) was \$9.79. This week, cold weather hit much of the East. Milk production gains seen in the Southeast slowed noticeably and temperatures dipped into the 20's well into the Gulf Coast states and into the 30's in parts of Florida. Very cold weather is also plaguing the Northeast where milk output is mostly steady. Fluid milk supplies are still reported as tight. The Cold/snowy weather forecast for the Midsouth is giving a boost to bottled milk sales as some panic buying is taking place. The increased bottling to meet this demand is further reducing surplus milk volumes. Handlers in Florida and other Southeastern states took no outside milk this week which is unchanged from last week. During this week a year ago, Florida imported no loads and other states brought in 28. Manufacturing plant contacts report receipts as light at midweek, moderate on weekends. The condensed skim markets are little changed. Class III wet solids are still clearing in a wide range of prices. For those who use the Class III milk price in their formula for condensed skim, product is moving at the low end of the range. Others suppliers are trying to maintain prices closer to nonfat dry milk. Class II condensed skim is moving mostly via contracts. The fluid cream market is firm. Supplies remains tight, but some extra loads do "pop up" occasionally. Spot prices are often higher as the CME butter prices gained nearly 4 cents last week. Demand for cream is good. Butter makers are competing with Class II and IV users for the available offerings. Sour cream, bottled cream and egg nog output are starting to increase as demand picks up during the next 3 - 4 weeks. Cream cheese output is mostly steady. Ice cream production is slower than normal and usually due to the current, high cost of butterfat. Churning activity is light to moderate.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANK LOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.3900-2.6388
DELIVERED EQUIVALENT ATLANTA	-	2.4739-2.6571 M 2.4739-2.5105
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.4739-2.5655

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .7000-1.0100

## M I D W E S T

WISCONSIN SPOT SHIPMENTS:	LOADS
DECEMBER 01 - 07, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	14

Milk production patterns in Wisconsin and the Midwest are reported to be generally steady with recent weeks. Demand for milk for both bottling and manufacturing remains strong. Bottlers are actively preparing for the upcoming holiday period. Often, bottlers are having to pay between \$3 and 4 dollars per cwt. over class plus delivery to secure needed volumes. In many instances, this additional milk need is going unfilled. It is not uncommon for milk to be coming into Wisconsin and Illinois from Michigan, Iowa, and Minnesota. During the week, 25 loads of Wisconsin milk were directed shipped to Missouri, 15 to Kentucky, and 21 to Tennessee. Manufacturing milk demand is equally aggressive. When available, this milk is receiving premiums of \$1.65

to 2.50 per cwt. Cream markets early in the week were firm with multiples and prices steady to higher. Until mid-week, demand was strong for Class II and churning needs, but on Wednesday, the CME cash butter price started to ease which sent signals to many buyers that the firmness to the market might be over. The condensed skim market for both Class II and III is strong. In many instances, milk processing plants will be actively filling bottlers needs with minimal volumes of milk available for drying and other manufacturing needs. Milk handlers anticipate this strong demand to carry into the week prior to the Christmas holiday.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 30 - 06	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00-38.50	\$ 33.50-42.00
REPLACEMENT HEIFER CALVES	\$265.00-335.00	\$270.00-350.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	NOV 30 - 06	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00-41.25	\$ 30.00-40.50

## W E S T

The November 4a price (butter/powder) in California is \$13.36, up \$1.63 from October and \$1.94 higher than last year. This compares to the Federal Order Class IV price for November at \$13.00. The November 4b (cheese) is \$8.71, down 30 cents from October and \$1.17 lower than last year. This compares to the Federal Order Class III price for November at \$8.57. Stage two power alerts are having some impact on milk processing in the state of California. Several plants are being forced to shut down due to their interruptible electrical supply contracts. The lengths of shutdowns are normally a few hours per day with enough notice given to allow for processors to prepare. Milk is being shipped to other processors and not causing any distress. Actually, several plants in the state would like more milk. Milk production remains highly variable across California. In the northern producing areas, milk is still trending seasonally lower, although weather conditions are not as wet and cool as in past years at this time. Additional declines are noted in the Central Valley. Some processors are noting less milk being received. Cow numbers are holding steady, so the impact is coming from less milk per cow. Feed quality, or the lack thereof, is the major cited reason, although other factors are also having influences. Weather conditions are seasonally fair and not effecting milk production higher or lower. Milk supplies are also tight in the South. Cream supplies are short to adequate for trade needs. Some processors are shipping cream out of California to take advantage of better returns. Multiples run from 120 to 140 FOB. Demand is still good for cream cheese, sour cream, butter, and cream-based holiday items. The drop in the butter price at the CME at midweek has caused more unsettledness to the market. Milk production in Arizona is steady to higher. Temperatures are seasonally moderate and conditions have been drier than in past months. Marketing conditions in the state have improved and most milk is being processed locally. Milk production is steady across New Mexico. Weather conditions are favorable. Most milk is being handled locally. Feed is favorable in quality and price for contracted needs. There are more concerns about finding quality hay on the spot market. Some reports of rebounds in the milk supply from the normal seasonal decline are noted in the Pacific Northwest. Weather patterns are good for increased milk output in the Pacific Northwest. Cull cow prices dropped sharply recently making a cow number reduction less likely. Interest in milking cows for replacements is also lighter. Heifer prices at a major monthly sale in Washington moved higher again with offering numbers much lighter than anticipated. Feed prices are increasing especially on the protein side as Mad Cow disease issues in Europe impact feed markets. Quality hay offerings are declining and prices are firming. Milk supplies are lighter in northern Utah and southern Idaho as winter weather conditions continue. Fog and damp conditions have caused more herd stress and some health issues. The mud isn't too bad as temperatures drop below freezing at night. A number of plants are looking for some additional milk supplies and are able to partially fill their needs.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 12/07/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged to higher on a steady to firm market. Milk production is unchanged to slightly higher with most plants operating at less than capacity. Demand is strong into mozzarella and blending operations. Government bagging has ceased as plants cater to the commercial sector. Most excess powder from the Thanksgiving holiday has cleared. Supply increases are not anticipated for another week when milk begins to accumulate as school's close. High heat demand is strong with most plants unable to satisfy spot interest. Production of human food, nonfat dry milk during October 2000 totaled 104.1 million pounds, down 1.1% from October 1999 but 8.1% above September 2000. Month ending stocks, at 125.0 million pounds, are 28.0% above a year ago but 3.8% lower than a month ago.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0250 - 1.0600 MOSTLY: 1.0250 - 1.0300

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to higher on a steady to firm market. While some producers are increasing prices, others are relaxing premiums and comfortable trading at the average. Supplies remain tight while production is seasonally increasing. Much of the buttermilk produced is being traded in the condensed form. Supplies are anticipated to increase as holiday milk becomes available. Demand is fair. Dry buttermilk production during October 2000 totaled 3.7 million pounds, down 18.3% from October 1999 but 20.5% higher than September 2000. Month ending stocks, at 2.7 million pounds, are 58.3% below last year and 2.6% lower than last month.

BUTTERMILK: 1.0050 - 1.0600

**DRY WHEY - CENTRAL**

Prices are higher on a firm market. The buying end remains somewhat surprised by the sudden shortage of whey. Manufacturers report that supply decreases are due to declines in cheese production as well as good WPC and export interest. Some buyers are purchasing now to avoid higher cost in the future. Others are waiting as supplies are anticipated to increase by mid-January. Production is steady and demand is mostly fair. Condensed movement is good, especially into ricotta cheese and WPC facilities. Production of human food, dry whey during October 2000 totaled 86.6 million pounds, 1.2% less than October 1999 but 7.0% above September 2000. Month ending stocks, at 37.5 million pounds, are 9.4% below a year ago and 7.8% lower than September 2000.

NONHYGROSCOPIC: .2250 - .2600 MOSTLY: .2250 - .2400

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a steady to firm market. Milk replacer is more difficult to move at the higher prices than Extra Grade. Some plants are offering at lower prices in order to clear supplies. Roller ground continues to trend higher with the Extra Grade market. Production is unchanged to slightly lower due to decreases in local milk supplies. Delactose movement into feed facilities is unchanged and mostly contractual on steady production schedules. Interest from process cheese facilities continues strong for the holiday season. Hog prices are trending higher while the veal market is steady at lower prices. Production of animal feed, dry whey during October 2000 totaled 6.5 million pounds, 3.9% more than October 1999 but 16.6% below September 2000. Month ending stocks, at 10.1 million pounds, are 29.4% above a year ago but 13.2% lower than September 2000.

MILK REPLACER: .1900 - .2000  
ROLLER GROUND: .2100 - .2275  
DELACTOSE (Min. 20% protein): .3750 - .4000

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady market. Most producer stocks are mixed. Some suppliers are running long while others are short of buyer needs. Negotiations for the first quarter are increasing. Contracts continue to trend unchanged to higher. Inquiries are heavy from export markets, especially on specific kosher supplies. Domestically, movement is increasing into feed facilities but demand is no better than fair. Offgrade supplies are heavier with offers between .0800 - .1500 FOB. Lactose production during October 2000 totaled 42.5 million pounds, up 9.5% from October 1999 and 4.0% higher than September 2000. Month ending stocks, at 26.3 million pounds, are 33.3% higher than a year ago and 1.4% more than last month. Production totals for selected regions with changes from 1999 include: East North Central, 9.1 million pounds, +2.0%; West North Central, 14.2 million pounds, +3.5%; and West, 18.6 million pounds, +23.1%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2100 MOSTLY: .1600 - .1700

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a steady to firm market. While most resale prices are trending higher, manufacturers tend to trade within the same range. Much of the trade disparity is due to the location of the product. Export interest is good from Canada, Mexico and Asia. Contract negotiations for 2001 are generally trending higher with many contracts yet to be finalized. Supplies are mixed. Some plants are comfortable with spot loads available while others are shorting contracted loads to regular buyers. Off grade demand is strong with product typically trading between .6500 - .6800. Production of human food WPC during October 2000 totaled 26.7 million pounds, down 2.2% from October 1999 and 1.5% higher than September 2000. Manufacturers' end-of-month stocks totaled 14.7 million pounds, 13.1% lower than a year ago and 24.2% below last month. Production totals for selected states with changes from 1999 include: California, 7.9 million pounds, -0.5%; Minnesota, 4.1 million pounds, +4.9%; and Wisconsin, 4.1 million pounds, -12.7%.

EXTRA GRADE 34% PROTEIN: .7225 - .7625 MOSTLY: .7275 - .7375

**NONFAT DRY MILK - WEST**

Pricing levels for both price series are unchanged. Low/medium heat market conditions remain the same. Strong sales continue to the CCC under the price support program. Domestic sales are fair with spot sales sporadic. Contract volumes and prices are being negotiated for 2001. Production levels are mixed, but often lower. Several producers are shipping more milk to cheese plants and the usage of condensed is good by cheese producers. Stocks remain heavy. Seasonal interest is higher for high heat powder. Stocks are in balance. For the period of November 22 - December 1, net CCC purchases totaled 11.1 million pounds of nonfortified NDM and 1.6 million pounds of fortified NDM from the West. U.S. NDM production in October totaled 104.1 million pounds, down 1.1% from last year but 8.1% more than September. Unadjusted, cumulative U.S. NDM production through October is 8.4% higher than the same period in 1999. October production in California totaled 54.0 million pounds, up 6.2% from last year, and Washington output totaled 16.2 million pounds, up 0.4% from a year ago. Stocks at the end of October were reported at 125.0 million pounds, up 28.0% from last year but 3.8% lower than last month.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0200 MOSTLY: 1.0000 - 1.0150  
HIGH HEAT: 1.0300 - 1.0750

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are steady to slightly higher on the top end of the range. The market tone is steady to firm. Production and demand are coming into balance with prior contracts being completed. Spot offerings are limited. Few producers have stocks. U.S. dry buttermilk production in October totaled 3.7 million pounds, down 18.3% from last year but 20.5% higher than September. Stocks at the end of October were reported at 2.7 million pounds, down 58.3% from a year earlier and 2.6% below September.

BUTTERMILK: .9500 - 1.0200 MOSTLY: .9600 - .9800

**DRY WHEY - WEST**

Prices for Western whey range from steady to fractionally higher. Results from an export tender are expected to be announced late this week. Some of the volume is expected to be sourced from the U.S., but Europe may also get some even with their high and increasing whey prices. Domestically, the West is fast becoming the source of last resort for whey powder during this current cycle. Some powder is available, but shipments may take a few weeks to occur. U.S. edible whey production in October was 86.6 million pounds, down 1.2% from last year. Stocks at the end of the month total 37.5 million pounds, down 9.4% from 1999. Production in the Western region was actually down 9.7%.

NONHYGROSCOPIC: .1800 - .2300 MOSTLY: .1900 - .2050

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
December 1	\$1.0111	14,665,809
November 24	\$1.0094	8,180,081

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities for domestic and export sales packaged in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and nominal in the Northeast. The market tone is steady to firm. Corresponding to the light surplus milk volumes available and good demand for condensed skim, little NDM is being made in the East. Producers are hoping that there will be a surge of surplus milk during the Christmas/New Years weeks. Demand is steady. Eastern producers are purchasing Western NDM to supplement their own output. Also, the large marketing agency that is in place is moving Western powder in to fill contracts. Production of human food, nonfat dry milk during October 2000 totaled 104.1 million pounds, down 1.1% from October 1999 but 8.1% above September 2000. Month ending stocks, at 125.0 million pounds, are 28.0% above a year ago but 3.8% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0500 - 1.0800 MOSTLY: 1.0600 - 1.0650

HIGH HEAT: 1.1000 - 1.1200 MOSTLY: 1.1100 - 1.1150

DELVD SOUTHEAST:

ALL HEATS: 1.0500 - 1.1350

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and nominal. Demand is steady and little spot activity is being reported in the dry buttermilk market. Some spot resale loads have been noted, but most Eastern producers have little powder available for spot shipment. Production levels are light. Dry buttermilk production during October 2000 totaled 3.7 million pounds, down 18.3% from October 1999 but 20.5% more than September 2000. Month ending stocks, at 2.7 million pounds, are 58.3% less than last October and 2.6% less than a month ago.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0000 - 1.0300

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher as some producers react to the higher butter price. The market tone is steady. Production levels are light in the East to slightly heavier in the West where some suppliers are still meeting old DEIP shipping schedules. Spot demand is slow to fair and most shipments continue to be contractual. Dry whole milk production during October 2000 totaled 7.4 million pounds, down 25.4% from October 1999 but 13.6% above September 2000. Month ending stocks, at 6.0 million pounds, are 26.1% below a year ago and 3.1% less than last month.

F.O.B. PRODUCING PLANT: 1.2275 - 1.5000

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH DECEMBER 1, 2000  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are higher again this week as many Eastern producers follow price changes in the Central region. The market tone is firm and most producers are sold out. They are taking orders, at current prices, for delivery in 2 - 4 weeks. A few extra loads did "pop up" at some plants and were cleared quickly when offered. Export interest remains good, particularly to Central American countries. Domestic demand is also good, but year end inventory considerations are starting to be reported. Animal feed makers have been more aggressive in their purchasing and "down graded" product is in tighter supply. Production of human food, dry whey during October 2000 totaled 86.6 million pounds, 1.2% less than October 1999 but 7.0% above September 2000. Month ending stocks, at 37.5 million pounds, are 9.4% below last year and 7.8% less than a month ago. Production of animal feed, dry whey during October totaled 6.5 million pounds, 3.9% more than a year ago but 16.6% less than July 2000.

F.O.B. NORTHEAST: EXTRA GRADE .2250 - .2375

USPH GRADE A .2250 - .2400

DELVD SOUTHEAST: .2550 - .2950

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Demand is mixed, often slower now that most shipments for year end holiday needs have been made. Retail sales are at or near the annual peak. "Baking Season" is here and retail features are widespread. Production levels are mostly steady as surplus milk volumes are still tight in the Eastern two-thirds of the country. Canned evaporated milk production during October 2000 totaled 40.3 million pounds, 8.1% less than October 1999 but 8.8% more than September 2000. Month ending stocks, at 42.6 million pounds, are 6.4% more than a year ago but 33.6% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets remain firm. Spot availability continues to be very tight. Contracted volumes are being delivered, although scheduled delivery times are often not timely. European availability is tight with some producers having difficulty meeting scheduled shipments. Oceania milk production is on the down side of the seasonal cycle, thus so is casein production.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.2500 - 2.4000

ACID: 2.3000 - 2.4500



## CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	11/21	11/22	11/23	11/24	11/27	11/28	11/29	12/30	12/01	12/04	12/05
<b>CME - (CLASS III) MILK FUTURES --</b> Dollars per cwt.											
NOV 00	8.75 (1238) 33	8.70 (1235) 0	NO TRADING	8.65 (1239) 1	8.60 (1239) 0	8.60 (1240) 3	8.57 (1240) 0	8.57 (1208) 0	8.57		
DEC 00	9.48 (1064) 20	9.45 (1064) 8		9.42 (1085) 65	9.30 (1119) 38	9.40 (1119) 4	9.36 (1142) 45	9.38 (1159) 18	9.34 (1162) 7	9.32 (1133) 25	9.30 (1129) 45
JAN 01	9.70 (751) 9	9.75 (754) 9		9.72 (771) 27	9.68 (798) 31	9.80 (794) 8	9.80 (799) 12	9.76 (801) 10	9.75 (803) 5	9.75 (809) 11	9.70 (825) 16
FEB 01	9.80 (734) 4	9.84 (737) 3		9.80 (742) 6	9.75 (761) 35	9.82 (760) 2	9.80 (764) 14	9.85 (763) 1	9.82 (766) 3	9.70 (771) 5	9.66 (779) 24
MAR 01	9.95 (598) 9	9.92 (598) 0		9.90 (594) 7	9.88 (596) 3	9.90 (597) 1	9.90 (600) 4	9.90 (606) 6	9.90 (608) 8	9.94 (612) 4	9.91 (616) 12
APR 01	10.02 (534) 1	10.03 (534) 4		10.01 (534) 3	10.01 (534) 1	10.02 (534) 4	10.01 (541) 10	10.15 (560) 24	10.19 (560) 4	10.15 (560) 0	10.05 (564) 23
MAY 01	10.06 (608) 5	10.04 (609) 3		10.03 (611) 4	10.06 (612) 3	10.11 (613) 2	10.05 (631) 25	10.19 (631) 7	10.20 (631) 3	10.11 (631) 4	10.11 (648) 28
JUN 01	10.55 (340) 5	10.50 (345) 10		10.45 (346) 9	10.50 (351) 6	10.50 (356) 8	10.53 (360) 6	10.61 (366) 14	10.60 (366) 8	10.57 (372) 6	10.52 (395) 33
JLY 01	10.98 (256) 1	10.98 (256) 0		10.98 (261) 6	10.98 (263) 2	10.98 (265) 3	10.97 (268) 5	11.08 (274) 9	11.11 (281) 7	11.10 (282) 2	11.00 (302) 15
AUG 01	11.21 (233) 2	11.21 (238) 5		11.16 (240) 7	11.20 (241) 2	11.24 (246) 6	11.23 (254) 18	11.31 (259) 5	11.33 (266) 7	11.33 (270) 9	11.26 (301) 38
SEP 01	11.25 (159) 9	11.30 (161) 4		11.26 (167) 8	11.34 (170) 3	11.36 (171) 5	11.37 (195) 45	11.39 (199) 10	11.44 (205) 6	11.42 (216) 13	11.33 (234) 51

**CME - CLASS IV MILK FUTURES -** Dollars per cwt.

NOV 00	12.90 (295) 3	13.00 (295) 0	NO TRADING	13.00 (290) 33	13.05 (289) 1	12.99 (289) 0	12.96 (289) 0	12.96 (277) 0	13.00		
DEC 00	12.79 (305) 36	12.85 (305) 0		12.90 (301) 13	13.00 (280) 29	13.25 (274) 20	13.63 (261) 29	13.85 (229) 46	13.83 (225) 4	13.75 (225) 2	13.53 (226) 11
JAN 01	11.70 (90) 9	11.75 (93) 4		11.90 (103) 10	11.78 (111) 8	11.89 (137) 26	11.95 (148) 11	12.00 (171) 25	11.95 (175) 4	12.00 (175) 1	11.92 (174) 14
FEB 01	11.60 (90) 14	11.64 (90) 0		11.65 (88) 2	11.65 (93) 5	11.70 (94) 1	11.75 (99) 6	11.95 (100) 4	11.85 (104) 4	11.95 (109) 5	11.80 (119) 10
MAR 01	11.69 (81) 10	11.65 (81) 0		11.65 (81) 0	11.65 (85) 4	11.70 (85) 2	11.75 (85) 0	11.95 (88) 4	11.95 (91) 5	11.95 (97) 12	11.80 (106) 17
APR 01	11.70 (79) 5	11.75 (79) 0		11.75 (79) 1	11.75 (81) 2	11.75 (82) 1	11.90 (87) 6	11.98 (90) 3	11.95 (92) 2	11.94 (92) 6	11.82 (97) 5
MAY 01	11.66 (138) 7	11.75 (138) 0		11.75 (138) 0	11.75 (140) 2	11.90 (140) 3	11.90 (149) 12	12.00 (152) 3	11.95 (152) 4	11.99 (154) 11	11.95 (160) 9
JUN 01	11.85 (100) 4	12.05 (100) 0		12.05 (101) 1	12.10 (101) 0	12.10 (101) 0	12.10 (101) 0	12.10 (104) 3	12.05 (104) 1	12.10 (104) 0	12.10 (111) 7
JUL 01	11.90 (109) 1	12.05 (109) 0		12.05 (109) 0	12.05 (109) 0	12.05 (109) 0	12.05 (109) 0	12.05 (109) 0	12.05 (109) 0	12.05 (109) 0	12.05 (114) 5
AUG 01	12.05 (42) 1	12.08 (42) 0		12.08 (42) 0	12.08 (42) 0	12.08 (42) 0	12.08 (42) 0	12.08 (42) 0	12.08 (42) 0	12.08 (42) 0	12.12 (42) 0
SEP 01	12.10 (7) 1	12.10 (7) 0		12.10 (7) 0	12.10 (7) 0	12.10 (7) 0	12.10 (7) 0	12.10 (7) 0	12.10 (7) 0	12.10 (7) 0	12.10 (7) 0

**CME - BUTTER FUTURES --** Cents per pound

MAR 01	110.00 (45) 4	110.02 (45) 0	NO TRADING	110.15 (45) 0	110.50 (45) 0	110.52 (52) 13	112.00 (52) 0	112.00 (52) 0	112.00 (52) 0	112.00 (52) 0	112.27 (56) 4
MAY 01	111.50 (5) 0	112.00 (5) 0		112.25 (5) 0	112.50 (5) 0	112.52 (5) 0	113.50 (6) 1	118.50 (6) 0	118.50 (6) 0	118.50 (6) 0	118.50 (8) 4
JUL 01	115.50 (10) 0	116.00 (10) 0		116.00 (10) 0	116.00 (10) 0	116.02 (13) 3	121.00 (13) 1	120.00 (13) 0	120.00 (13) 0	120.00 (13) 0	120.00 (13) 1
SEP 01	118.50 (2) 0	119.00 (2) 0		119.00 (2) 0	119.00 (2) 0	119.00 (2) 0	119.00 (2) 0	119.00 (2) 0	119.00 (2) 0	119.00 (2) 0	119.00 (2) 0

**NYBOT - MILK INDEX --** Dollars per cwt.

NOV 00	8.80 (33) 0	8.70 (33) 0	NO TRADING	NO TRADING	8.65 (33) 0	8.60 (33) 0	8.60 (33) 0	8.60 (33) 0			
DEC 00	9.60 (17) 0	9.50 (17) 0			9.40 (17) 0	9.30 (17) 0	9.30 (17) 0	9.30 (17) 0	9.35 (17) 0	9.35 (17) 0	9.35 (17) 0
JAN 01	9.90 (3) 0	9.70 (3) 0			9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.75 (3) 0	9.75 (4) 0	9.75 (4) 0	9.75 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered November 27 - December 8, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production in most areas of Europe is at seasonal low levels, although many areas are now reporting slight increases. Although milk production is on the increase, manufactured dairy products remain in close balance and short of needs. New international buyer interest, especially for immediate shipment, is slow. Most buyers are fully aware of the current supply situation in Europe, thus not questioning this availability. Letters of credit from some buyers are slow in being issued, thus some product, earmarked and readied for shipment, is waiting. In instances, this readied product is being cleared to other buyers. There is quite a bit of buyer interest for shipments during the first quarter of the new year. In many instances, commitments on the part of producers is high. Some traders are indicating that possibly as much as 80% of first quarter's production is already committed. It appears that prices for first quarter deliveries will be slightly lower than current prices. The recent BSE situation in some European countries is causing much attention. Many dairy product producers and handlers feel that the media is playing up the current situation to a greater extent than the situation really warrants, although precautions are being exercised. Now that the Ramadan holiday is at hand, butter sales activity has slowed greatly. With other year end holidays approaching, already slow sales activity will be further reduced until the first of the year.

**BUTTER/BUTTEROIL:** Butter markets are unsettled with prices unchanged to generally lower. The strong demand for butter for the Ramadan holiday period has now ended. Outside of this buyer interest, butter sales have been slow and unaggressive. Russian buyers continue to buy small lot volumes, but nothing of any significance. Most European producers and handlers do not anticipate this demand to improve during the upcoming months.

82% BUTTERFAT:	1,250 - 1,400
99% BUTTERFAT:	1,400 - 1,600

**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally steady. Although the top of the reported price range is lower than last period, overall skim powder prices remain firm. Stocks are basically not available, especially for immediate shipment. Many buyers are already getting commitments from producers for deliveries during the first quarter of next year. Occasionally, there is some powder that has been earmarked and readied for shipment, but the letters of credit are slow in being issued, thus this powder is being made available to other buyers.

1.25% BUTTERFAT:	2,100 - 2,250
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices. Currently there is no whole milk powder available for immediate shipment, although buyers are looking at first quarter of 2001 availability. Often, buyers are getting commitments from producers for deliveries of at least a portion of their needs. Some traders are indicating that possibly as much as 80% of first quarter production has been committed.

26% BUTTERFAT:	1,900 - 2,150
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**SWEET WHEY POWDER:** European whey markets are firm with prices steady to generally higher. Demand for whey powder, especially from the animal feed markets, is strong. Cheese production in Europe is lighter than desired, thus whey stocks are also lighter. In many instances, there is not sufficient whey powder to meet current demand.

NONHYGROSCOPIC:	550 - 700
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**OVERVIEW: EASTERN EUROPE:** Winter weather conditions continue to prevail in Eastern Europe, thus milk production is holding at seasonally low levels. In most instances, producers and handlers do not foresee much improvement in milk volumes until next year. Stocks are low for all manufactured dairy products from this region of Europe. They were not excessive all season, thus what is available is being absorbed within domestic markets.

## OCEANIA

**OVERVIEW:** Milk production patterns in both Australia and New Zealand continue to hold at seasonally high levels, although reports of declines are increasing. Reports from both countries indicate that although milk output is at seasonal peak levels, these levels are not as positive as past years. In Australia, milk output is ahead of last year, although wet conditions during the spring flush have limited stronger growth. Reports indicate that September's output was heavier than October's. Figures for November and early December are not yet available. In New Zealand, conditions have been much the same as in Australia, cool wet conditions were common over much of the country during early spring, thus limiting stronger production growth. Lighter than anticipated milk production patterns are causing some manufacturers to question if they will have sufficient stocks for committed and future needs. At this point, stock levels in both countries are reported to be in close balance with commitments. Prices for most manufactured dairy products remain firm, although some slight weakening in butter prices is being reported. The Ramadan holiday is now at hand, thus the active buying interest prior to this holiday has ended and overall buying interest is now slowing as other year end holidays near. For the most part, most sales and shipments are for ongoing or previously placed orders.

**BUTTER:** Oceania butter markets are generally steady, although prices are slightly lower. For the most part, butter demand has slowed considerably now that the Ramadan holiday is at hand and most other year end holiday orders have been shipped. Other butter buying interest is also lighter. Russian buyer interest has not developed to levels of past years and many Oceania handlers do not anticipate this market to improve as the winter season continues in that region.

82% BUTTERFAT:	1,300 - 1,350
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**CHEDDAR CHEESE:** Oceania cheese markets are steady to firm. Cheese stocks are reported to be in close balance with some handlers indicating that stocks are lighter than desired for this time of the season. Demand from the Japanese market remains strong. Milk production in Australia and New Zealand is not as strong as projected at mid-season, thus milk volumes are not as available to cheese plants as previously expected.

39% MAXIMUM MOISTURE:	1,950 - 2,050
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**SKIM MILK POWDER (SMP):** Skim milk powder markets in the Oceania region are steady to firm. Milk production at mid-season is not as positive as many previously projected in both Australia and New Zealand, thus some manufacturers are reviewing their already closely balanced inventories. There is concern on the part of some producers if they will have sufficient volumes of powder to meet previously made and future commitments. At this time, new SMP demand is not overly aggressive as the year end holiday season is here and sales activity usually slows until the first of the year.

1.25% BUTTERFAT:	2,175 - 2,300
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are mixed. For the most part, prices are firm although a slight weakening at the top end of the range is reported. Demand for whole milk powder is active. In instances, producers are stating that current whole milk powder demand is surpassing SMP demand. Stocks of powder are reported to be in close balance and, with seasonal milk production patterns not as strong as previous anticipated, Oceania manufacturers are closely monitoring the supply situation.

26% BUTTERFAT:	2,000 - 2,150
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Exchange rates for selected foreign currencies: DECEMBER 04, 2000

.4034 Dutch Guilder	.4545 German Mark
.1355 French Franc	.4240 New Zealand Dollar
.1064 Mexican Peso	.5448 Australian Dollar
1.4532 British Pound	.0090 Japanese Yen
.2257 Polish Zloty	.8890 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1064= 9.3985 That is 1 US Dollar equals 9.3985 Mexican Pesos.  
Source: "Wall Street Journal"

## NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2000 was unchanged at 121. Compared with November 1999, the index up 5 points (4.3 percent). The index of prices received by farmers for dairy products declined 3 points during the month of November 2000 to 93. Compared with November 1999, the index was down 17 points (15.5 percent).

Prices received by farmers in November with changes from October were: for All Milk, \$12.20 per hundredweight (cwt.), down \$.30; Fluid Grade Milk, \$12.20 per cwt., down \$.40; and for Manufacturing Grade Milk, \$10.10 per cwt., down \$.70.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., NOVEMBER 2000 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	OCTOBER		NOVEMBER		NOVEMBER		NOVEMBER		NOVEMBER	
	2000 2/	1999 2/	2000 4/	1999 2/	2000	1999	2000 7/	1999 8/	2000	1999
CA	11.19	13.61	11.20	12.94	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		34.50	33.00	99.00	82.00
ID	10.40	12.50	9.80	11.20			34.10	34.20	96.00	84.00
MI	12.90	16.30	12.60	16.00			38.50	35.20	73.00	64.00
MN	12.50	13.93	11.80	12.40			37.50	34.60	58.00	64.00
NY	13.70	15.70	13.50	15.40			---	---	108.00	114.00
OH	12.80	16.00	12.40	15.90			36.00	32.80	88.00	115.00
PA	14.30	16.80	14.10	17.10			37.00	35.30	109.00	138.00
TX	13.60	16.20	13.30	15.80			36.50	30.40	73.00	71.00
WA	12.60	15.10	12.50	14.90			---	---	101.00	99.00
WI	12.20	13.76	11.30	12.53			36.70	35.80	45.00	47.00
U.S.	12.50	14.90	12.20	14.40			36.90	33.60	85.00	74.70

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., NOVEMBER 2000 WITH COMPARISONS

ITEM	NOVEMBER 1999	OCTOBER 2000 1/	NOVEMBER 2000 2/
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test:			
All milk	14.40	12.50	12.20
Fluid grade milk	14.50	12.60	12.20
Manufacturing grade milk	11.10	10.80	10.10
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	93	93	97
Prices received by farmers for dairy products	110	96	93
Prices paid by farmers for commodities and services, interest taxes, and wage rates	116	121	121
Prices paid by farmers for production items	112	117	118
Prices paid by farmers for feed	97	100	102
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.87	3.11	2.96

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

**SOURCE:** "Agricultural Prices," Pr 1 (11/00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## OCTOBER 2000 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 105.0 million pounds in October, 1.8 percent above October 1999 and 14.6 percent above September 2000. **AMERICAN TYPE CHEESE** production totaled 297.3 million pounds, 0.7 percent above October 1999 and 3.4 percent above September 2000. **TOTAL CHEESE** output (excluding cottage cheese) was 684.3 million pounds, 1.8 percent above October 1999 and 4.4 percent above September 2000. **NONFAT DRY MILK** production, for human food, totaled 104.1 million pounds, 1.1 percent below October 1999 but 8.1 percent above September 2000. **DRY WHEY** production, for human food, was 86.6 million pounds, 1.2 percent below October 1999 but 7.0 percent above September 2000. **ICE CREAM** (hard) production totaled 69.7 million gallons, 11.9 percent above October 1999 and 2.4 percent above September 2000.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	OCT 2000	PERCENT CHANGE FROM:			PRODUCT	OCT 2000	PERCENT CHANGE FROM:		
	1,000 LBS.	OCT 1999	SEP 2000	YEAR TO DATE 1/		1,000 LBS.	OCT 1999	SEP 2000	YEAR TO DATE 1/
BUTTER	104,961	1.8	14.6	2.9	YOGURT (PLAIN AND FLAVORED)	145,821	4.7	-16.7	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	297,306	0.7	3.4	4.0	SWEET-TYPE, HUMAN FOOD	6,750	17.6	-5.6	---
CHEDDAR	231,326	-0.9	3.0	3.3	SWEET-TYPE, ANIMAL FEED	1,134	12.5	11.0	---
SWISS	18,339	-0.1	7.2	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	8,042	11.0	5.9	---	DRY WHEY, HUMAN FOOD	86,565	-1.2	7.0	---
CREAM & NEUFCHATEL	66,037	1.7	19.4	---	DRY WHEY, ANIMAL FEED	6,549	3.9	-16.6	---
HISPANIC	8,160	9.1	-2.2	C	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	215,682	4.4	2.5	6.2	HUMAN FOOD	4,200	-48.7	11.3	---
OTHER ITALIAN TYPES	50,867	-9.9	2.9	8.5	ANIMAL FEED	3,379	11.5	12.7	---
TOTAL ITALIAN TYPES	266,549	1.3	2.6	6.6	LACTOSE, HUMAN FOOD & ANIMAL FEED	42,544	9.5	4.0	---
ALL OTHER TYPES	19,840	27.2	2.8	---	WHEY PROTEIN CONCENTRATE				
TOTAL	684,273	1.8	4.4	5.3	HUMAN FOOD	26,738	-2.2	1.5	---
COTTAGE CHEESE, CURD 3/	37,233	0.6	-6.1	---	ANIMAL FEED	3,748	2.9	-1.0	---
COTTAGE CHEESE, CREAM 4/	30,937	3.2	-2.2	-0.4					
COTTAGE CHEESE, LOWFAT 5/	29,516	0.6	-5.5	-0.8					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	40,266	-8.1	8.8	---	ICE CREAM (HARD)	69,721	11.9	2.4	0.9
DRY WHOLE MILK	7,437	-25.4	13.6	---	ICE CREAM, LOWFAT (HARD)	7,198	-5.1	-8.2	---
NONFAT DRY MILK, HUMAN FOOD	104,087	-1.1	8.1	8.4	ICE CREAM, LOWFAT (SOFT)	22,312	5.9	-5.0	---
DRY SKIM MILK, ANIMAL FEED	310	-6.9	-18.2	---	ICE CREAM, LOWFAT (TOTAL)	29,510	3.0	-5.8	-2.1
DRY BUTTERMILK	3,722	-18.3	20.5		SHERBET (HARD)	3,560	0.8	-8.7	-2.2
					YOGURT (TOTAL)	7,001	12.4	-4.3	-7.2
MANUFACTURERS' STOCKS, END OF MONTH 7/									
PRODUCT	OCT 2000	PERCENT OF:		PRODUCT	OCT 2000	PERCENT OF:			
	1,000 LBS.	OCT 1999	SEP 2000		1,000 LBS.	OCT 1999	SEP 2000		
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE					
DRY WHEY, HUMAN FOOD	37,470	-9.4	-7.8	HUMAN FOOD	14,667	-13.1	-24.2		
DRY WHEY, ANIMAL FEED	10,115	29.4	-13.2	ANIMAL FEED	2,041	49.3	3.2		
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	8,554	-19.1	-7.9	CANNED EVAPORATED & CONDENSED WHOLE MILK	42,612	6.4	-33.6		
LACTOSE, HUMAN FOOD & ANIMAL FEED	26,281	33.3	1.4	DRY WHOLE MILK	6,032	-26.1	-3.1		
DRY BUTTERMILK, TOTAL	2,699	-58.3	-2.6	NONFAT DRY MILK FOR HUMAN FOOD	125,021	28.0	-3.8		
				DRY SKIM MILK FOR ANIMAL FEED	706	-40.1	-23.9		

1/ 2000 cumulative as percent change of 1999 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese.

4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (12-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, NOVEMBER

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for November 2000 is \$1.5745 per pound. Thus, the Class II butterfat price is \$1.5815. The protein and other solids prices for November are \$0.9149 and \$0.0565 per pound, respectively. These component prices set the Class III skim milk price at \$3.17 per cwt. The November Class IV skim milk price is \$7.76 which is derived from the nonfat solids price of \$0.8617 per pound. **Product Price Averages:** The product price averages for November are; butter \$1.4051, nonfat dry milk \$1.0159, cheese \$1.0245, and dry whey \$0.1917.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/</u> <u>2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	NOVEMBER 2000				DECEMBER 2000
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	15.07	13.68	8.57	13.00	15.38
Appalachian (Charlotte) <u>5/</u>	005	14.92	13.68	8.57	13.00	15.23
Southeast (Atlanta) <u>6/</u>	007	14.92	13.68	8.57	13.00	15.23
Florida (Tampa ) <u>7/</u>	006	15.82	13.68	8.57	13.00	16.13
Midwest (Cleveland) <u>8/</u>	033	13.82	13.68	8.57	13.00	14.13
Upper Midwest (Chicago) <u>9/</u>	030	13.62	13.68	8.57	13.00	13.93
Central (Kansas City) <u>10/</u>	032	13.82	13.68	8.57	13.00	14.13
Southwest (Dallas) <u>11/</u>	126	14.82	13.68	8.57	13.00	15.13
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	14.17	13.68	8.57	13.00	14.48
Western (Salt Lake City) <u>13/</u>	135	13.72	13.68	8.57	13.00	14.03
Pacific Northwest (Seattle) <u>14/</u>	124	13.72	13.68	8.57	13.00	14.03
All-Market Average	---	14.40	13.68	8.57	13.00	14.71

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are principal pricing points of markets.

4/ Class I prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other points are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other points are: New Orleans, plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other points are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other points are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other points are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other points are: Portland, same; and Spokane, same.

**Selected Summary of Tentative Final Decision Class III and Class IV Price Formulas**

**CME vs. NASS:** As recommended in the proposed rule and adopted in the final rule on Federal order reform (published on September 1, 1999 (64 FR 47898)), commodity prices determined by surveys conducted by USDA's National Agricultural Statistics Service (NASS) are currently being used in the component price formulas that replaced the BFP. This decision makes no changes in the source of product price data.

**Cheese Moisture Content:** The coefficients originally used for determining the Class III protein price and the Class III butterfat price, and used in the formulas in this decision, were derived from using the Van Slyke cheese yield formula at 38 percent moisture. Therefore, it is appropriate to use cheese prices that reflect cheese containing 38 percent moisture. The current practice of using the 40-pound block cheese price unadjusted for moisture and the 500-lb barrel price adjusted for moisture should be continued, but with the barrel price adjusted to 38 percent moisture instead of 39.

**Class III & IV Butterfat Price:** The pricing concept of reflecting the value of a manufactured product in the prices for the milk components that are instrumental in the yield of that product require that the Class III protein and butterfat prices be tied more directly to their value in the cheese that is produced using those components. Therefore, it is necessary to separate the value of butterfat used in the manufacture of cheese from the value of that component in butter.

Class III Butterfat Price:  $(\text{NASS weighted average cheese price} - .165) \times 1.582$ .

Class IV Butterfat Price:  $(\text{NASS weighted average AA butter price} - .115) / .82$

**Advanced Class I Butterfat Price:** Because of changes in the Class III and Class IV pricing formulas made in this decision, especially the adoption of different butterfat prices for the two classes, a conforming change should be made to the procedure for calculating the Class I butterfat and hundredweight prices. The advanced butterfat price used for pricing Class I butterfat would be the butterfat price used in calculating the higher of the advanced Class III or Class IV prices on a 3.5 percent butterfat basis.

**Protein Price:** The protein price formula will be modified by removing the butterfat portion of the formula. Removal of the butterfat pricing factor from the protein price formula eliminates the contentious issue of the 1.28 butterfat-to-protein ratio.

Protein Price:  $(\text{NASS weighted average cheese price} - .165) \times 1.405$

**Other Nonfat Solids Price:** The manufacturing allowance for dry whey is increased from 13.7 cents to 14 cents per pound of dry whey to reflect the increase in the NFDM make allowance. The decision would snub the other nonfat solids price at zero rather than allowing it to become a negative factor in determining payments to producers.

Other Solids Price:  $(\text{NASS weighted average whey price} - .14) / .968$

**Nonfat Solids Price:** This decision maintains the use of the NASS survey price reported for nonfat dry milk and increases the make allowance for nonfat dry milk from 13.7 cents to 14 cents per pound of nonfat dry milk. In addition, the 1.02 divisor used in the current nonfat solids price formula to reflect the incorporation of dry buttermilk (with a lower product price and higher make allowance) in the nonfat solids price formula is changed to 1; or, in other words, eliminated.

Nonfat Solids Price:  $(\text{NASS weighted average nonfat dry milk price} - .14)$

**Classification:** As a conforming change to the development of different prices for butterfat used in Class III and Class IV products, the classification of anhydrous milkfat, butteroil, and plastic cream should be changed from Class III to Class IV. The record contains a plethora of testimony about the use of these products as substitutes for butterfat, and therefore for butter, in manufactured products.

## CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF DECEMBER 4 - 8			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	11/24/00	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	1,032,173	-0-	1,032,173	2,778,238	-0-	-0-	-0-
Barrel	887,988	-0-	887,988	3,634,747	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,821,600	-0-	-0-	-0-
TOTAL	1,920,161	-0-	1,920,161	8,234,585	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	9,109,810	-0-	9,109,810	77,001,156	18,976,294	-0-	-0-
Fortified	1,791,719	-0-	1,791,719	14,890,171	2,738,601	-0-	-0-
TOTAL	10,901,529	-0-	10,901,529	91,891,327	21,714,895	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MI LKFAT*	SKIM**		MI LKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
PERIOD OF DECEMBER 4 - 8, 2000 =	20.1	145.9	COMPARABLE WEEK IN 1999 =	1.5	79.4
CUMULATIVE SINCE OCTOBER 1, 2000 =	96.2	1,151.1	CUMULATIVE SAME PERIOD LAST YEAR =	4.8	252.7
CUMULATIVE JANUARY 1 - DECEMBER 8, 2000 =	256.9	6,330.1	COMPARABLE CALENDAR YEAR 1999 =	45.7	2,417.3

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

## CCC ADJUSTED PURCHASES FOR THE WEEK OF DECEMBER 4 - 8, 2000 (POUNDS)

	BUTTER			CHEESE		NONFAT DRY MILK		
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	94,397	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	937,776	887,988	-0-	9,109,810	1,791,719
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

## CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	3,571,577	-0-	1,299,802	257,937	34.6	-0-
WEST	-0-	-0-	4,623,408	-0-	90,591,525	21,456,958	65.1	100.0
EAST	-0-	-0-	39,600	-0-	-0-	-0-	0.3	-0-
TOTAL	-0-	-0-	8,234,585	-0-	91,891,327	21,714,895	100.0	100.0

## SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

## DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 &amp; 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

## Dairy &amp; Total Cow Slaughter under Federal Inspection, by Regions &amp; U.S., for Week Ending 11/18/00 &amp; Comparable Week 1999

Regions*											U.S. TOTAL		% DAIRY OF ALL	
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1	
2000-Dairy cows HD (000)	0.2	0.8	6.7	5.3	22.3	3.4	3.9	0.8	12.5	3.0	59.0	2,360.4	48.8	48.6
1999-Dairy cows HD (000)	0.2	0.9	7.5	5.8	21.8	2.5	2.5	0.7	10.4	3.1	55.3	2,315.6	44.1	45.8
2000-All cows HD (000)	0.2	1.0	9.2	14.7	31.3	16.2	18.7	5.8	15.3	8.6	120.9	4,857.7		
1999-All cows HD (000)	0.2	1.1	10.4	15.5	29.9	19.0	21.7	4.6	13.0	9.9	125.3	5,057.3		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

## BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

## FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68	
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00	

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/fmor\\_announce.htm](http://www.ams.usda.gov/dairy/fmor_announce.htm)